

**Bayou Lafourche Fresh Water District  
Thibodaux, Louisiana**

Annual Financial Report  
As of and for the  
Year Ended December 31, 2020

**Bayou Lafourche Fresh Water District**  
Annual Financial Report  
Year Ended December 31, 2020

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Bayou Lafourche Fresh Water District  
Thibodaux, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the Budgetary Comparison Schedule on page 33, the Schedule of Employer's Share of Net Pension Liability on page 34, the Schedule of Employer Contributions on page 35, and the Schedule of Changes in Net OPEB Liability and Related Ratios on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Executive Director on page 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to the Executive Director is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to the Executive Director is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Martin and Kelly".

Houma, Louisiana  
April 4, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Management's Discussion and Analysis  
Year Ended December 31, 2020

This discussion and analysis of the Bayou Lafourche Fresh Water District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2020. Please read it in conjunction with the financial statements and the accompanying notes to the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Government-Wide Financial Statements (Statement of Net Position and the Statement of Activities) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Fund Financial Statements (Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the Government-Wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Information, is providing varying degrees of assurance. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the parts in the Annual Financial Report.

**Government-Wide Financial Statements**

One of the most important questions asked about finances is, "Is the Bayou Lafourche Fresh Water District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position and changes in them. You can think of net position—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and factors that affect water supply for sales to the surrounding parishes.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Management's Discussion and Analysis  
Year Ended December 31, 2020

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The Bayou Lafourche Fresh Water District utilizes the governmental type of fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations on pages 14 and 15.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- Net position of our governmental activities increased by \$2,901,991 or 10.0%.
- During the year, the District had governmental expenses of \$2,475,313 that were \$2,901,991 less than the \$5,377,304 generated in program and general revenues.
- The governmental funds reported total ending fund balance of \$19,948,298. This compares to the prior year ending fund balance of \$19,070,572 resulting in an increase of \$877,726.

The Statement of Net Position and the Statement of Activities reports all transactions as governmental activities. All of the basic governmental services are reported as this type. Property taxes and water sales finance most of these activities.



**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Management's Discussion and Analysis  
Year Ended December 31, 2020

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

Our analysis below focuses on the net position of the governmental-type activities.

Condensed Statement of Net Position

	2019	2020	Dollar Change	Percent Change
Current assets	\$19,978,965	\$20,206,970	\$ 228,005	1.1%
Net pension asset	-	46,353	46,353	100.0%
Capital assets, net	10,162,470	12,208,899	2,046,429	20.1%
<b>Total assets</b>	<b>30,141,435</b>	<b>32,462,222</b>	<b>2,320,787</b>	<b>7.7%</b>
<b>Deferred outflows of resources</b>	<b>261,848</b>	<b>137,692</b>	<b>(124,156)</b>	<b>-47.4%</b>
Current liabilities	908,393	258,672	(649,721)	-71.5%
Long-term liabilities	460,929	327,451	(133,478)	-29.0%
<b>Total liabilities</b>	<b>1,369,322</b>	<b>586,123</b>	<b>(783,199)</b>	<b>-57.2%</b>
<b>Deferred inflows of resources</b>	<b>30,350</b>	<b>108,189</b>	<b>77,839</b>	<b>256.5%</b>
Net investment in capital assets	10,162,470	12,208,899	2,046,429	20.1%
Unrestricted	18,841,141	19,696,703	855,562	4.5%
<b>Total net position</b>	<b>\$29,003,611</b>	<b>\$31,905,602</b>	<b>\$ 2,901,991</b>	<b>10.0%</b>

The District's net position increased as a result of this year's operations. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—also increased during the year. The balance in net position represents the accumulated results of all past years' operations. Capital assets increased by \$2,046,429.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Management's Discussion and Analysis  
Year Ended December 31, 2020

**FINANCIAL ANALYSIS AS A WHOLE (GWFS) (Cont.)**

Our analysis below focuses on the changes in net position of the governmental-type activities.

Condensed Statement of Activities

	2019	2020	Dollar Change	Percent Change
Total program expenses	\$ (2,342,385)	\$ (2,475,313)	\$ (132,928)	5.7%
Total program revenues	511,681	306,809	(204,872)	-40.0%
<b>Net program income</b>	(1,830,704)	(2,168,504)	(337,800)	18.5%
General revenues	4,733,760	5,070,495	336,735	7.1%
<b>Change in net position</b>	2,903,056	2,901,991	(1,065)	0.0%
<b>Net position:</b>				
Beginning of the year	26,100,555	29,003,611	2,903,056	11.1%
End of the year	<u>\$ 29,003,611</u>	<u>\$ 31,905,602</u>	<u>\$ 2,901,991</u>	<u>10.0%</u>

The amount spent on programs related to operating the District's office increased by 5.7%. Total general revenues increased by 7.1% or \$336,735 from the prior year.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The Bayou Lafourche Fresh Water District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund includes revenue and expenditures necessary to the operation of the District's office such as personnel, benefits, and operation and maintenance of facilities and vehicles. The General Fund reflected \$5,344,791 in total revenues, including \$4,932,740 in property taxes, \$306,809 in water sales, and \$105,242 in intergovernmental revenue. The General Fund reflected \$20,419 in other financing sources. Total current expenditures were \$2,256,170. Total capital outlay was \$2,231,314. After a \$877,726 excess of revenues over expenditures for the year, the ending fund balance was \$19,948,298, all unassigned.

**BUDGETARY HIGHLIGHTS**

The District's annual budget is adopted on a modified accrual basis of accounting excluding noncash items, such as depreciation. The District amended its General Fund budget once during the year. The District experienced favorable revenue and expenditure variances.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Management's Discussion and Analysis  
Year Ended December 31, 2020

**CAPITAL ASSETS**

Capital assets include land, furniture and equipment, vehicles, building and improvements, and construction in progress recorded at historical cost of \$16,354,746. Accumulated depreciation as of December 31, 2020 is \$4,145,847 resulting in an ending book balance of \$12,208,899. Depreciation expense of \$184,885 was recorded for the year.

More detailed information about the capital assets is presented in the notes to financial statements. However, a summary of current and prior year capital assets follows:

	<u>2019</u>	<u>2020</u>
Land	\$ 965,197	\$ 1,114,842
Furniture and equipment	6,293,653	6,315,356
Vehicles	127,386	132,386
Buildings and improvements	2,148,850	4,981,013
Construction in progress	<u>4,588,346</u>	<u>3,811,149</u>
Total capital assets	14,123,432	16,354,746
Less accumulated depreciation	<u>(3,960,962)</u>	<u>(4,145,847)</u>
Total capital assets, net	<u><u>\$ 10,162,470</u></u>	<u><u>\$ 12,208,899</u></u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Many factors were considered when budgeting for the next fiscal year. Possible new laws and regulations, increased rates and fees that would be charged, and possible new grant funding sources were all considered.

Highlights of next year's General Fund budget include:

Estimated revenue	<u>\$ 6,336,500</u>
Expenditures	2,248,485
Capital outlay	<u>4,330,000</u>
Total estimated expenditures	<u>6,578,485</u>
Estimated excess of expenditures over revenue	(241,985)
Estimated beginning fund balance	<u>19,948,298</u>
Estimated ending fund balance	<u><u>\$ 19,706,313</u></u>

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Management's Discussion and Analysis  
Year Ended December 31, 2020

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Mr. Benjamin Malbrough, Executive Director  
1016 St. Mary Street  
Thibodaux, Louisiana 70301  
Phone number (985) 447-7155

## **FINANCIAL STATEMENTS**

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Statement of Net Position  
December 31, 2020

	<b>Government Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 16,537,997
Receivables	
Ad valorem taxes	3,455,237
State revenue sharing	18,120
Water sales	34,438
Other	161,178
Total Current Assets	20,206,970
Capital assets, net of accumulated depreciation of \$4,145,847	12,208,899
Net pension asset	46,353
<b>Total Assets</b>	<b>32,462,222</b>
<b>Deferred Outflows of Resources</b>	<b>137,692</b>
<b>Liabilities</b>	
Accounts payable	229,076
Accrued payroll	13,336
Deferred revenue	16,260
Total Current Liabilities	258,672
Accrued compensated absences payable	69,261
Other post-employment benefit liability	258,190
Total Long-term Liabilities	327,451
<b>Total Liabilities</b>	<b>586,123</b>
<b>Deferred Inflows of Resources</b>	<b>108,189</b>
<b>Net Position</b>	
Net investment in capital assets	12,208,899
Unrestricted	19,696,703
<b>Total Net Position</b>	<b>\$ 31,905,602</b>

See accompanying notes.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Statement of Activities  
Year Ended December 31, 2020

	<b>Government Activities</b>
<b>REVENUES</b>	
Charges for services	\$ 306,809
<b>EXPENSES</b>	<u>2,475,313</u>
<b>GENERAL REVENUES</b>	
Ad valorem taxes	4,932,740
State revenue sharing	105,242
Other	12,335
Pension revenues	12,094
Interest income	<u>8,084</u>
<b>TOTAL GENERAL REVENUES</b>	<u>5,070,495</u>
<b>CHANGE IN NET POSITION</b>	2,901,991
<b>NET POSITION - Beginning</b>	<u>29,003,611</u>
<b>NET POSITION - Ending</b>	<u><u>\$ 31,905,602</u></u>

See accompanying notes.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Balance Sheet  
Governmental Fund Type  
General Fund  
December 31, 2020

**Assets**

Cash and cash equivalents	\$ 16,537,997
Receivables	
Ad valorem taxes	3,455,237
State revenue sharing	18,120
Water sales	34,438
Other	<u>161,178</u>

<b>Total Assets</b>	<b><u>\$ 20,206,970</u></b>
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**Liabilities and Fund Balance**

Liabilities	
Accounts payable	\$ 229,076
Accrued payroll	13,336
Deferred revenue	<u>16,260</u>

<b>Total Liabilities</b>	<b>258,672</b>
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**Fund Balance**

Unassigned	<u>19,948,298</u>
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<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 20,206,970</u></b>
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See accompanying notes.



**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Statement of Revenues, Expenditures, and Changes in Fund Balance –  
Governmental Fund Type – General Fund  
Year Ended December 31, 2020

**REVENUES**

Ad valorem taxes	\$ 4,932,740
Water sales	306,809
Intergovernmental: State revenue sharing	105,242
Total Revenues	<u>5,344,791</u>

**EXPENDITURES**

General government - current:	
Salaries	718,449
Special projects	358,900
Utilities	255,443
Group insurance	198,930
Insurance - general	156,718
Ad valorem deduction for pension	149,557
Public outreach	76,873
Legal fees	52,851
Retirement expense	52,418
Payroll taxes	51,887
Repairs and maintenance	36,993
Monitoring gauge expense	31,298
Professional fees	23,855
Accounting fees	18,153
Office expense	17,358
Material and supplies	16,235
Computer expense and equipment	11,537
Fuel and lube	10,666
Telephone	7,988
Executive director expenses	4,716
Legal publications	2,824
Mileage and travel	1,232
Dues and subscriptions	1,163
Other	126
Total current expenditures	<u>2,256,170</u>
Capital outlay	<u>2,231,314</u>
Total Expenditures	<u>4,487,484</u>

**OTHER FINANCING SOURCES**

Other	12,335
Interest income	8,084
Total Financing Sources	<u>20,419</u>
Excess Revenues Over Expenditures	877,726

**FUND BALANCES**

Beginning of year	<u>19,070,572</u>
End of year	<u><u>\$ 19,948,298</u></u>

See accompanying notes.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
December 31, 2020

Fund balance - governmental fund	\$ 19,948,298
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$16,354,746, net of accumulated depreciation of \$4,145,847, are not financial resources and, therefore, are not reported in the governmental funds.	12,208,899
Deferred outflows of resources related to pension liabilities and to OPEB liabilities are not available resources, and therefore, are not reported in the funds.	137,692
Liabilities not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences	(69,261)
Net pension asset	46,353
Other post-employment benefits	(258,190)
Deferred inflows of resources related to net pension liability and OPEB liability are not payable from current expendable resources, and therefore, are not reported in the funds.	<u>(108,189)</u>
Net position of governmental activities	<u>\$ 31,905,602</u>

See accompanying notes.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Reconciliation of the Statement of Governmental Fund Revenues,  
Expenditures and Changes in Fund Balance to the  
Statement of Activities  
Year Ended December 31, 2020

Change in fund balance - governmental fund	\$ 877,726
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, where in the statement of activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	(184,885)
Capital outlays	2,231,314

Payment of compensated absences and other post-employment benefits are reported as expenditures in the governmental funds when actually paid. However, on the Statements of Activities, these are expensed as they are accrued. These are the changes in the liabilities for 2020:

Compensated absences	(4,662)
Other post-employment benefits	(19,979)

Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability and OPEB liability.

<u>2,477</u>
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Change in net position of government activities	<u><u>\$ 2,901,991</u></u>
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See accompanying notes.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Introduction**

The Bayou Lafourche Fresh Water District (the District) was created under Act 113 of 1950, of the Louisiana Legislature, for the purpose of furnishing fresh water from the Mississippi River to the incorporated villages, towns, and cities along Bayou Lafourche. The District is governed by a board of twelve commissioners appointed for terms of four years. The parish governments of Ascension and Assumption each appoint two commissioners, and the Governor of Louisiana appoints four commissioners each from Lafourche and Terrebonne Parishes.

The financial statements of the Bayou Lafourche Fresh Water District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**Note 1 – Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The accompanying financial statements present information only on the funds maintained by the Bayou Lafourche Fresh Water District.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

**B. Basis of Presentation**

GASB Statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 1 – Summary of Significant Accounting Policies (Cont.)**

Unrestricted – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

*Government-wide Financial Statements:*

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 1 – Summary of Significant Accounting Policies (Cont.)**

activities generally are financed through taxes, intergovernmental revenues, and water sales.

*Fund Financial Statements:*

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The governmental fund of the District is:

**General Fund** – The general fund is the general operating fund of the District. It is used to account for all financial resources.

**C. Measurement Focus/Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

*Government-wide Financial Statements:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

**Program Revenues** – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 1 – Summary of Significant Accounting Policies (Cont.)**

*Fund Financial Statements:*

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue-sharing (intergovernmental revenue) are recognized as revenue in the year levied.

Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**D. Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year-end. Formal budgetary integration is employed as part of the accounting system, and the budget is amended by supplemental appropriations as needed to comply with State law.

**E. Cash and Cash Equivalents**

The District considers all highly liquid investments purchased with an initial maturity of ninety days or less to be cash equivalents.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 1 – Summary of Significant Accounting Policies (Cont.)**

**F. Bad Debts**

The financial statements of the District contain no allowance for bad debts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the District.

**G. Capital Assets**

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

<u>Category</u>	<u>Life</u>
Buildings and improvements	10 - 40 years
Equipment and furniture	5 - 40 years
Vehicles	5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**H. Interfund Transactions**

Interfund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**I. Compensated Absences**

Employees of the District accumulate an unlimited amount of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay.



**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 1 – Summary of Significant Accounting Policies (Cont.)**

Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits. The cost of leave privileges is computed in accordance with GASB Codification Section C60. An estimate of the leave privileges requiring current resources is accrued in the General Fund. The District records the long-term portion of accrued leave in the GWFS. As of December 31, 2020, the District accrued \$69,261 of compensated absences payable.

**J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**K. Recent Pronouncement**

Statement No. 87, "Leases", increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

**Note 2 – Deposits**

Cash includes demand deposits and interest-bearing demand deposits. Under State law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union, or the laws of the United States. Further, the District may deposit funds in time deposits or certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

State law requires that deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivisions.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 2 – Deposits (Cont.)**

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash	\$ 16,742,686	\$ 16,537,997

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2020, \$16,242,686 of the District's bank balance was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Cash was adequately collateralized in accordance with State law by securities held by unaffiliated banks for the accounts of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 – Capital Assets**

A summary of changes in capital assets follows:

Governmental Activities	12/31/19	Additions	Deletions	12/31/20
Capital assets not being depreciated				
Land	\$ 965,197	\$ 149,645	\$ -	\$ 1,114,842
Construction in progress	4,588,346	2,054,966	(2,832,163)	3,811,149
	5,553,543	2,204,611	(2,832,163)	4,925,991
Capital assets being depreciated				
Buildings and improvements	2,148,850	2,832,163	-	4,981,013
Furniture and equipment	6,293,653	21,703	-	6,315,356
Vehicles	127,386	5,000	-	132,386
	8,569,889	2,858,866	-	11,428,755
Less: Accumulated depreciation				
Buildings and improvements	(1,718,023)	(16,370)	-	(1,734,393)
Furniture and equipment	(2,115,670)	(167,482)	-	(2,283,152)
Vehicles	(127,269)	(1,033)	-	(128,302)
	(3,960,962)	(184,885)	-	(4,145,847)
Total capital assets, net of accumulated depreciation	<u>\$10,162,470</u>	<u>\$ 4,878,592</u>	<u>\$ (2,832,163)</u>	<u>\$12,208,899</u>

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 3 – Capital Assets (Cont.)**

The Donaldsonville pump station design totaling \$3,665,047 and the drainage improvement project totaling \$146,102 were in progress as of December 31, 2020.

For the year ended December 31, 2020, depreciation expense was \$184,885.

**Note 4 – Property Taxes**

Lafourche Parish – Property taxes are levied on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes.

Assumption Parish – Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the parish government in June or July and are billed to taxpayers by the Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Assumption Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

Ascension Parish – Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied in October and billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Ascension Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's and legislative pension fund contributions.

Terrebonne Parish – Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 5 – Pension and Retirement Plans**

The Bayou Lafourche Fresh Water District contributes to Parochial Employees' Retirement System of Louisiana (PERS), under Plan B, which is a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Plan B was designated for employees that remained in Social Security on the revision date. Sections 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.persla.org](http://www.persla.org).

*Plan Descriptions:* For the year ended December 31, 2019, there were 211 contributing municipalities in Plan A and 53 in Plan B. The Bayou Lafourche Fresh Water District is a participant in Plan B only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

All permanent District employees who work at least 28 hours per week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

Any member of Plan B who was hired before January 1, 2007 can retire providing the member meets one of the following criteria:

1. Age 55 with thirty (30) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) year of creditable service.

Eligibility for retirement for Plan B members hired on or after January 1, 2007 is as follows:

1. Age 55 thirty (30) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 67 with seven (7) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 5 – Pension and Retirement Plans (Cont.)**

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50, and until remarriage, if the remarriage occurs before age 55. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the system, the funds may be credited to the self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state of the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his/her years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 5 – Pension and Retirement Plans (Cont.)**

**Employer Contributions:** Employer contributions are actuarially-determined each year. For the year ended December 31, 2020, employer contributions were 7.5%.

**Non-Employer Contribution:** In accordance with state statute, the System also receives ¼ of 1.0% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue-sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

**Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources:** As of December 31, 2020, the District reported an asset in its government-wide financial statements of \$46,353 for its proportionate share of the net pension asset of the System. The net pension asset was measured as of December 31, 2019 by an actuarial valuation performed of the retirement system as of the date. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2019, the District's proportionate share of the System was .640711%, which was a decrease of .020095% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized a pension expense of \$58,877 in its governmental activities related to its participation in the System.

As of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,372	\$ 19,769
Changes in assumptions	27,346	-
Changes in proportion	663	1,060
Difference between projected and actual investment earnings on pension plan investments	-	96,790
Employer contributions subsequent to the measurement date	52,429	-
Total Deferred Outflows and Inflows	<u>\$ 81,810</u>	<u>\$ 117,619</u>

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 5 – Pension and Retirement Plans (Cont.)**

Deferred outflows of resources of \$52,429 related to pensions resulting from the District's contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2020	\$ (25,070)
2021	(26,878)
2022	7,849
2023	<u>(44,139)</u>
Total	<u>\$ (88,238)</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 is as follows:

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.50%, per annum (net of fees)
Inflation Rate	2.40% per annum
Salary Increase	4.25%
Cost of Living Adjustments	Benefits currently being paid and those previously granted
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees, General Employees, and General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality (Health Retirees) and disabled annuitants (General Disabled Retirees).

The discount rate used to measure the total pension liability was 6.50% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 5 – Pension and Retirement Plans (Cont.)**

approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity to Changes in Discount Rate:* The following presents the net pension liability/(asset) of the participating employers calculated using the discount rate of 6.50%, as well as what the employer's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate as of December 31, 2019.

	Changes in Discount Rate:		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	<u>\$ 249,010</u>	<u>\$ (46,353)</u>	<u>\$ (293,223)</u>

*Support of Non-Employer Contributing Entities:* Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2020, the District recognized revenue as a result of support received from the non-employer contributing entities of \$8,935 for its participation in the System.

*Pension Plan Fiduciary Net Positions:* Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at [www.persla.org](http://www.persla.org).

**Note 6 – Other Post-Employment Benefits**

*Plan Description.* The Bayou Lafourche Fresh Water District provides certain continuing health care and life insurance benefits for its retired employees. The District's Plan is a single-employer defined benefit OPEB plan administered by the District. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.



**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 6 – Other Post-Employment Benefits (Cont.)**

*Benefits Provided.* Medical and life benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or age 65 and 7 years of service. For employees hired on and after January 1, 2007, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or age 67 and 7 years of service.

Life insurance coverage is provided to retirees and 0% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 75% of the original amount at age 65 and 50% of the original amount at age 70.

*Actuarial Value of Plan Assets.* This is not applicable since the OPEB benefits are not as yet funded.

*Employees Covered by Benefit Terms.* As of December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>12</u>
Total	<u><u>15</u></u>

The valuation used the "Closed Group" method; i.e., the employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. Employees were assumed to continue the same types of coverage into retirement. The significant actuarial assumptions used in the January 1, 2020 valuation of the Plan are as follows:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level dollar, open
Discount Rate	2.74% per annum (Bond Buyer 20-Bond General Obligation Index)
Inflation Rate	2.00% per annum

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 6 – Other Post-Employment Benefits (Cont.)**

Healthcare Trend	0.00% per annum
Salary Increase	3.00% per annum
Retirement Age	Same as listed under Note 5
Mortality	RP-2000 Table without projection with 50%/50% unisex blend.
Assumed Rate of Medical Trend	1.000 from 2018 through 2066
Value of Benefits	Assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a variable percentage of the first \$500 monthly of the cost of the medical insurance for retirees. The percentage is 30% at 15 years grading up to 75% at 30 years of service, and further grading up to 100% at 38 years of service.

*Annual OPEB Expense.* The District's annual other post-employment benefit (OPEB) expense is calculated based on an amount actuarially-determined in accordance with the parameters of GASB Statement 75. The total OPEB expense for the year ending December 31, 2020 is \$23,138.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation:

Service cost	\$ 11,481
Interest cost	6,125
Changes in assumptions/inputs	26,976
Difference between expected and actual experience	(1,035)
Benefit payments and net transfers	<u>(3,159)</u>
Net change in total OPEB liability	40,388
Total OPEB liability - beginning of year	<u>217,802</u>
Total OPEB liability - end of year	<u><u>\$ 258,190</u></u>

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Notes to Financial Statements  
Year Ended December 31, 2020

**Note 6 – Other Post-Employment Benefits (Cont.)**

*Sensitivity of the total OPEB liability to Changes in Discount Rate.* The following presents the OPEB liability calculated using the discount rate of 2.12%, as well as what the employer's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.12%) or one percentage point higher (3.12%) than the current rate as of December 31, 2020.

	Changes in Discount Rate:		
		Current	
	1% Decrease 1.12%	Discount Rate 2.12%	1% Increase 3.12%
Net OPEB Liability	<u>\$ 296,323</u>	<u>\$ 258,190</u>	<u>\$ 226,662</u>

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* As of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and experience	\$ 9,657	\$ (920)
Changes in assumptions	<u>46,225</u>	<u>(8,510)</u>
Total Deferred Outflows and Inflows	<u>\$ 55,882</u>	<u>\$ (9,430)</u>

The net amounts of deferred outflows/inflows of resources attributable to fiscal year ended December 31, 2020 will be recognized in OPEB expense in future years as follows:

Year	
2021	\$ 7,262
2022	7,262
2023	7,262
2024	7,262
2025	7,262
Thereafter	<u>29,002</u>
Total	<u>\$ 65,312</u>

**Bayou Lafourche Fresh Water District**  
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Notes to Financial Statements  
Year Ended December 31, 2020

**Note 7 – Risk and Insurance**

The District is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

**Note 8 – Litigation and Claims**

The District is involved in several cases of litigation as of December 31, 2020. In the opinion of management and legal counsel, the District has adequate legal defenses for the issues raised, and the outcome of these matters will not have a significant effect on the District's financial position as of December 31, 2020.

**Note 9 – Compensation of Board Members**

The following amounts were paid to commissioners for the year ended December 31, 2020:

Lance Authement	\$ 600
Dale Dennis	450
Christopher Domangue	675
Gene Harrell	750
Scott LeBlanc	225
Ray Mayet	900
Eli Miles, Jr.	300
Gregory Nolan	750
Donald Schwab	525
Barry Soudelier	825
	<hr/>
	\$ 6,000

**Note 10 – Subsequent Events**

Subsequent events were evaluated through April 4, 2021, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
 Budgetary Comparison Schedule – General Fund  
 Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,801,000	\$ 4,558,854	\$ 4,932,740	\$ 373,886
Water sales	276,000	287,500	306,809	19,309
Intergovernmental:				
State revenue sharing	85,000	85,512	105,242	19,730
Other financing sources:				
Division of Administration - capital outlay	765,000	104,000	-	(104,000)
Other	-	7,000	12,335	5,335
Interest	8,000	10,000	8,084	(1,916)
Phase I legal fees reimbursed by State	150,000	-	-	-
Total Revenues	5,085,000	5,052,866	5,365,210	312,344
<b>EXPENDITURES</b>				
General government - current:				
Salaries	792,000	723,800	718,449	5,351
Special projects	294,500	312,200	358,900	(46,700)
Utilities	367,500	230,750	255,443	(24,693)
Group insurance	230,000	203,000	198,930	4,070
Insurance - general	170,000	160,000	156,718	3,282
Ad valorem deduction for pension	140,000	145,958	149,557	(3,599)
Public outreach	77,000	76,500	76,873	(373)
Legal fees	100,000	55,000	52,851	2,149
Retirement expense	65,000	54,000	52,418	1,582
Payroll taxes	65,000	55,000	51,887	3,113
Repairs and maintenance	20,000	28,500	36,993	(8,493)
Monitoring gauge expense	35,000	42,000	31,298	10,702
Professional fees	50,000	24,000	23,855	145
Accounting fees	25,000	20,000	18,153	1,847
Office expense	10,000	8,000	17,358	(9,358)
Material and supplies	27,500	45,000	16,235	28,765
Computer expense and equipment	6,500	9,000	11,537	(2,537)
Fuel and lube	17,500	11,500	10,666	834
Telephone	-	8,000	7,988	12
Executive director expenses	5,000	5,000	4,716	284
Legal publications	3,500	2,500	2,824	(324)
Mileage and travel	3,000	1,000	1,232	(232)
Dues and subscriptions	1,500	1,025	1,163	(138)
Other	16,100	7,482	126	7,356
Capital outlay	6,330,500	2,435,022	2,231,314	203,708
Total Expenditures	8,852,100	4,664,237	4,487,484	176,753
Excess (deficiency) of revenues over expenditures	(3,767,100)	388,629	877,726	489,097
<b>FUND BALANCES</b>				
Beginning of year	19,070,572	19,070,572	19,070,572	-
End of year	\$ 15,303,472	\$ 19,459,201	\$ 19,948,298	\$ 489,097

See Independent Auditor's Report.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Schedule of Employer's Share of Net Pension Liability  
Year Ended December 31, 2020

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Parochial Employees' Retirement System (PERS) Plan B					
2020	0.640711%	\$ (46,353)	\$ 684,814	-6.77%	102.05%
2019	0.660806%	178,527	653,135	27.33%	91.93%
2018	0.611518%	(76,941)	577,112	-13.33%	104.02%
2017	0.551877%	71,693	534,668	13.41%	95.50%
2016	0.537063%	95,622	491,021	19.47%	93.48%
2015	0.514874%	1,430	491,257	0.29%	99.89%

Notes to Schedule:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Schedule of Employer Contributions  
Year Ended December 31, 2020

<u>Year</u>	<u>Statutorily Required Contributions</u>	<u>Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Parochial Employees' Retirement System (PERS) Plan B					
2020	\$ 52,421	\$ 52,421	\$ -	\$ 698,953	7.50%
2019	51,361	51,361	-	684,814	7.50%
2018	50,585	50,585	-	653,135	7.74%
2017	46,169	46,169	-	577,112	8.00%
2016	45,392	45,392	-	534,668	8.49%
2015	44,784	44,784	-	491,021	9.12%

Notes to Schedule:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.



**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Schedule of Changes in Net OPEB Liability and Related Ratios  
Year Ended December 31, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service cost	\$ 13,176	\$ 11,913	\$ 11,481
Interest cost	5,687	6,987	6,125
Changes in assumptions/inputs	(11,346)	27,190	26,976
Difference between expected and actual experience	1,340	10,575	(1,035)
Benefit payments and net transfers	<u>(3,146)</u>	<u>(3,319)</u>	<u>(3,159)</u>
Net change in total OPEB liability	5,711	53,346	40,388
Total OPEB liability - beginning of year	<u>158,745</u>	<u>164,456</u>	<u>217,802</u>
Total OPEB liability - ending of year	<u>\$ 164,456</u>	<u>\$ 217,802</u>	<u>\$ 258,190</u>
Covered-employee payroll	<u>\$ 636,891</u>	<u>\$ 655,998</u>	<u>\$ 632,819</u>
Net OPEB liability as a percentage of covered-employee payroll	25.82%	33.20%	40.80%

Notes to Schedule:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditor's Report and Notes to Financial Statements.

## **OTHER INFORMATION**

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Schedule of Compensation, Benefits, and Other  
Payments to the Executive Director  
Year Ended December 31, 2020

**Agency Head Name:** Mr. Benjamin Malbrough, Executive Director

Purpose	Amount
Salary	\$ 184,239
Benefits - insurance	19,069
Benefits - retirement	5,527
Conference travel	2,018
Special meals	1,205
Reimbursements	938
Vehicle provided by government	666
Dues	403
Car allowance/automobile expense	-
Continuing professional education fees	-
Deferred compensation	-
Housing	-
Membership fees	-
Per diem	-
Registration fees	-
Service fees	-
Travel	-
Unvouchered expenses	-
	<u>\$ 214,065</u>

This schedule is used to satisfy the reporting requirements of  
R.S. 24:513(A)(3).

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**Martin  
and  
Pellegrin**

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Houma, Louisiana 70360

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Bayou Lafourche Fresh Water District  
Thibodaux, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bayou Lafourche Fresh Water District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 4, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be a significant deficiency. This item is listed as 2020-001.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **The District's Response to Findings**

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Houma, Louisiana  
April 4, 2021

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Schedule of Findings and Responses  
Year Ended December 31, 2020

**Section I – Summary of Auditor’s Results**

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Bayou Lafourche Fresh Water District.
2. One significant control deficiency (see finding 2020-001) was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. No instances of noncompliance required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. A management letter was not issued.
5. The District did not receive any federal funds during the year.

**Section II – Financial Statement Findings**

No findings related to the basic financial statements of the Bayou Lafourche Fresh Water District were noted during the audit.

**Section III – Internal Control Findings**

**2020-001**

Statement of Condition: A significant control deficiency in the District’s internal control.

Criteria: In our consideration of internal control, we noted that the size of the Bayou Lafourche Fresh Water District’s operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of the Bayou Lafourche Fresh Water District and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

**Section IV – Findings and Questioned Costs – Major Federal Award Program Audit**

This section is not applicable.

**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Management's Corrective Action Plan for Current Year Findings  
Year Ended December 31, 2020

The contact person for all corrective actions noted below is Mr. Benjamin Malbrough, Executive Director.

**Section I – Internal Control and Compliance**

**Inadequate Internal Control**

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the District should closely monitor the day-to-day activities of the District.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the District.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.



**Bayou Lafourche Fresh Water District**  
**Thibodaux, Louisiana**  
Schedule of Prior Findings and Resolution Matters  
Year Ended December 31, 2020

Note: The prior findings all relate to the December 31, 2019 audit engagement.

**Section I – Internal Control and Compliance Material to the Financial Statements**

**Inadequate Internal Control**

Condition: Due to the size of the Bayou Lafourche Fresh Water District's accounting staff, there is an insufficient segregation of duties.

Recommendation: The Board of Commissioners of the Bayou Lafourche Fresh Water District should closely monitor the day-to-day activities of the District.

Status: Ongoing. The lack of segregation of duties continues to exist. The Board will monitor the day-to-day operations of the District as recommended in current finding 2020-001.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.